



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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### **Baucus Works to Provide Displaced Service Workers with Support, Introduces Bill to Expand Trade Adjustment Assistance**

(WASHINGTON, D.C.) U.S. Senator Max Baucus was today joined by Sen. Norm Coleman (R-Minn) in introducing the "Trade Adjustment Assistance Equity for Service Workers Act," which would expand the Trade Adjustment Assistance (TAA) program to provide unemployment compensation and job training for service workers who have recently lost their jobs due to international trade.

The TAA program began in 1962, and was most recently expanded under the Trade Act of 2002. The program was expanded to cover workers affected by shifts in production, secondary workers, and farmers, ranchers, and fishermen. Additional benefits such as wage insurance and health insurance tax credits were added to the program.

During the 2002 Trade Act debate, Baucus proposed extending TAA benefits to service workers, but that provision was struck in the final legislation. Baucus today again raised the urgent need to provide America's service workers with retraining and health insurance assistance, especially given the growing shift of service jobs offshore.

The Baucus-Coleman TAA legislation currently has 16 co-sponsors in the Senate.

Senator Baucus's floor statement follows:

"Mr. President, I rise today to introduce the Trade Adjustment Assistance Equity for Service Workers Act. Since 1962, Trade Adjustment Assistance – what we call "TAA" – has provided retraining, income support, and other benefits so that workers who lose their jobs due to trade can make a new start.

The rationale for TAA is simple. When our government pursues trade liberalization, we create benefits for the economy as a whole. But there is always some dislocation from trade. As President Kennedy said, "those injured by . . . trade competition should not be required to bear the full brunt of the impact." "There is an obligation," he said, for the federal government "to render assistance to those who suffer as a result of national trade policy." We meet that obligation through TAA.

The TAA program has not been static over time. Several times, Congress has revised the program to meet new economic realities. In 1993, for example, Congress created a new TAA program targeted specifically at workers who might suffer dislocation as a result of the North American Free Trade Agreement.

Most recently, in the Trade Act of 2002, Congress completed the most comprehensive overhaul and expansion of the TAA program since its inception. We expanded the program to cover workers affected by shifts in production, secondary workers, and farmers, ranchers, and fishermen. We extended income support to permit workers to complete needed training. We added wage insurance and other incentives to employers to promote on-the-job training. And we added a health insurance tax credit, so that workers don't need to choose between needed retraining and health care for their families.

I am very proud to have played a leading role in passing this landmark legislation. But I am also the first to admit that our work is not done. Economic realities continue to change, and TAA must continue to change with them. One fundamental aspect of TAA that has remained unchanged since 1962 is its focus on manufacturing. We only give TAA benefits to workers who make things. That means that the 80 percent or more of American workers in the service sector cannot access this program.

Excluding service workers from TAA may have made sense in 1962, when most non-farm jobs were in manufacturing and most services were not traded across national borders. But today, most U.S. jobs are in the service sector. And the market for many services is becoming just as global as the market for manufactured goods.

In 2001, the service sector accounted for 81 percent of U.S. private sector gross domestic product and a similar percentage of total U.S. employment. Although trade in goods continues to dominate, cross-border services trade rose to 21 percent of the total value of U.S. trade in 2001. Trade in services is a net plus for the U.S. economy. In fact, the service sector generated a trade surplus of nearly \$74 billion in 2001.

Just as we have seen with trade in manufactured goods, however, trade in services will inevitably cost some workers their jobs. Indeed, there have been some well-publicized examples in the papers. Software design. Technical support. Accounting and tax preparation services. Just recently, a group of call center workers in Kalispell, Montana saw their jobs move to Canada.

Examples abound of service-sector jobs – even high tech service jobs – relocating overseas. Over the past three years, somewhere between a quarter and a half million service jobs have moved to other – mainly low-wage – countries. The legislation that I am introducing today is a simple matter of equity. When a factory relocates to another country, those workers are eligible for TAA. When a call center moves to another country, those workers are not eligible for TAA. But they should be. And under this legislation they will.

This bill provides TAA benefits to three categories of trade-impacted service workers:

First, it covers workers who lose their jobs due to competition from imported services. For example, if a U.S. truck driver loses his job because his employer loses routes to a Mexican-domiciled trucking company, the U.S. driver would be eligible for TAA.

Second, it covers workers who lose their jobs when a service facility relocates overseas as, for example, in the case of a call center or software design operation. These workers would be eligible if their employer opens an overseas facility, or – as is often the case – if the employer contracts out the jobs to a foreign service provider. This “offshoring” eligibility would apply to both private and public sector service workers whose jobs relocate overseas.

Third, the bill covers secondary service workers. Secondary workers are those who provide inputs to a primary firm where the workers are eligible for TAA. Right now, workers who make parts for manufactured products are covered if they lose their jobs when the primary firm closes. But workers who supply services to a TAA-eligible firm do not. This bill corrects that inequity.

The benefits service workers will receive under this legislation would be exactly the same as those that trade-impacted manufacturing workers now receive. They include retraining, income support, job search and relocation allowances, and the health insurance tax credit. The bill also expands the TAA for Firms program to cover services. The TAA for Firms program provides technical assistance to mostly small and medium-sized businesses that face layoffs due to import competition. The program helps firms become more competitive so they can retain and expand employment. As with TAA for workers, there is no reason to exclude businesses that provide services from this program.

Hard-working American service workers deserve this safety net. Despite what some opponents of TAA suggest, no worker would choose to lose his job so he can qualify for TAA. These benefits will always be second best to a job. But they can really make a difference in helping workers make a new start.

It is also critical to note that TAA can make an important difference in public attitudes. Surveys show that most Americans feel a lot more comfortable with globalization and with trade agreements when they know they will get help if their jobs are threatened. That's why 66 percent of Americans responding to a recent poll agreed with the following statement: "I favor free trade, and I believe that it is necessary for the government to have programs to help workers who lose their jobs.

The world is changing and TAA must keep up with the times. This bill will help our government to keep its promise to the American people to make trade work for everyone. I want to thank my colleagues who have joined me in co-sponsoring this important legislation, particularly Senator Coleman. I've also been working closely with Members in the House, including Representatives Smith, Holden, Inslee, Rangel, and Levin.

I know they share my interest in seeing this bill move quickly through the legislative process and I thank them for their support. I plan to work hard this year to move this legislation."

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